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Slide 2



➤ Capital is the most significant barrier to entry in the Airline Industry

➤ Once obtained, however, capital becomes the single greatest resource in overcoming all of the other barriers

Slide 3



Capital is very difficult to raise -

- ⇒ High failure rate
- ⇒ The power of incumbents
- ⇒ A plethora of smaller barriers to overcome

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The airline industry has experienced a very high rate of failure -

- ⇒ Hundreds of carriers have been certified since deregulation, less than half ever got off the ground, and very few remain
- ⇒ The managers responsible for potential sources of equity capital run a huge risk when recommending an investment in a start-up airline



Incumbent airlines possess significant advantages over the new entrants -

- ⇒ Massive hubs
- ⇒ Slots
- ⇒ Facilities
- ⇒ Overrides
- ⇒ Frequent Flyer Programs
- ⇒ Awareness
- ⇒ Mobility of assets

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New entrants still face a plethora of obstacles -

- ⇒ Procedural Catch-22's
 - IATA
 - ARC
- ⇒ Interline Agreements
- ⇒ New Entrant Syndrome
- ⇒ Awareness

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New entrants can still raise capital -

- ⇒ Find a niche
- ⇒ Avoid the incumbents power
- ⇒ Create strategic partnerships
- ⇒ Don't be afraid to be different

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